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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

3 November 1965

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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State, DIA, USAID reviews completed

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THE SITUATION IN SOUTH VIETNAM

(28 October - 3 November 1965)

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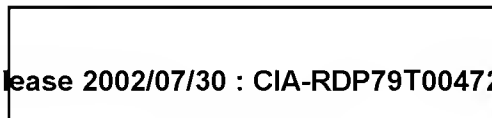
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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination.)

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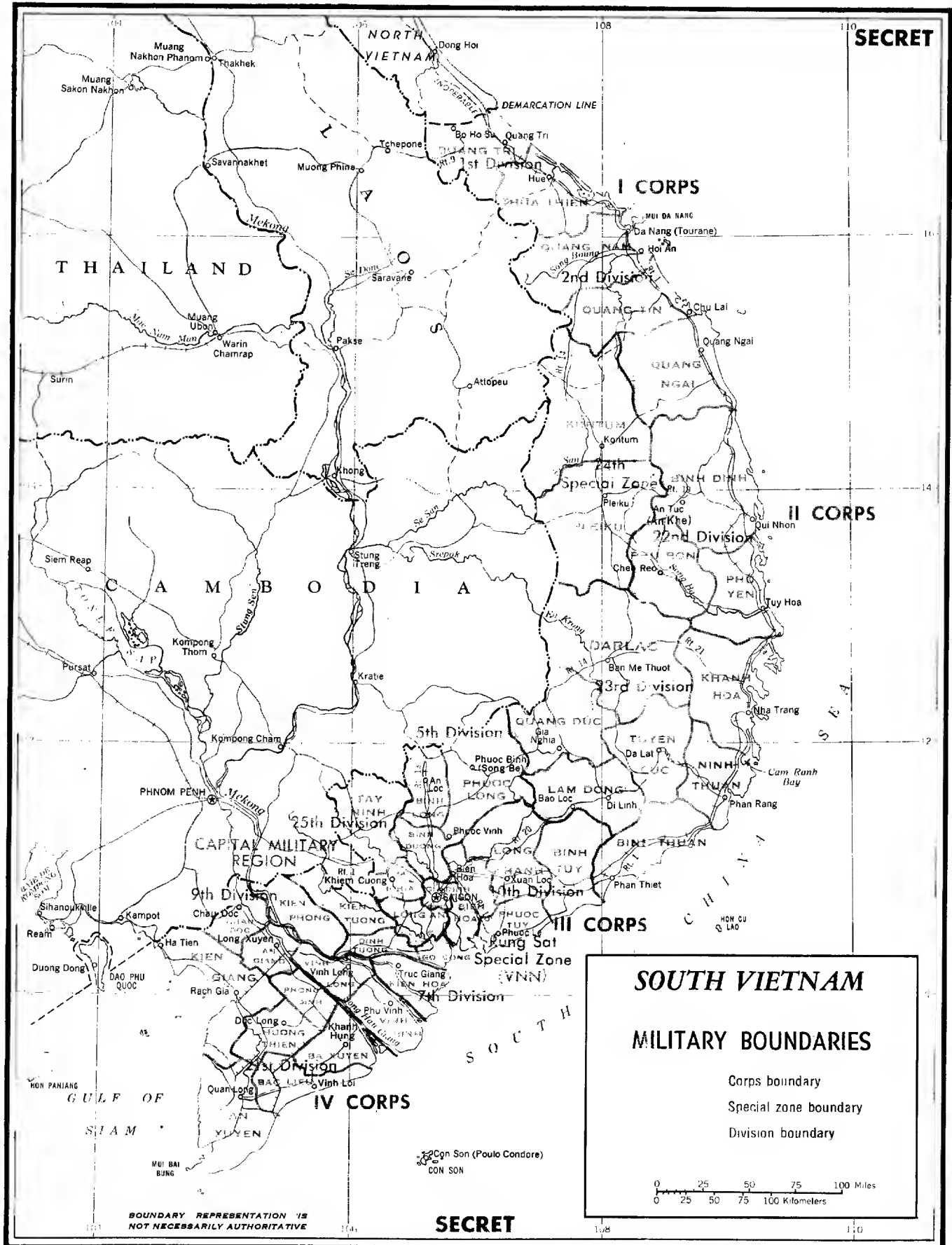
~~SECRET~~THE WEEK IN PERSPECTIVE

Communist military activity in South Vietnam again increased in intensity last week, as a number of larger-scale attacks were mounted while a high rate of guerrilla-type activity was sustained. The bulk of significant Communist actions occurred in the northern part of the country; some of these attacks were conducted by North Vietnamese troops. MACV has recently confirmed two additional regiments, both considered to be North Vietnamese - infiltrated units, in the Viet Cong order of battle. MACV also reports evidence of considerable repositioning of Viet Cong units in II and III Corps in recent days.

South Vietnamese and US forces last week scored a higher rate of contact with the Viet Cong in large-unit and small-unit operations. Despite increased casualty and weapons losses on both sides, there was a narrowing of the kill- and weapons loss-ratios favoring the government as compared to the previous week.

The political situation appeared somewhat relaxed, on the surface, as Saigon celebrated its new National Day, the second anniversary of the Diem regime's overthrow. Nevertheless, considerable subsurface restiveness persists, partly pegged to the government's complex economic difficulties.

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~~SECRET~~I. THE SITUATION IN SOUTH VIETNAMA. POLITICAL SITUATION

1. While the Saigon leadership and populace indulged this week in the luxury of a major celebration marking South Vietnam's new national day on 1 November, there continued to be undercurrents of stress in both the political and economic situations. The unusually large and impressive military parade on national day, the second anniversary of the Diem regime's downfall, apparently was designed to convey an impression of unity and military progress, whereas two major addresses by Chief of State General Thieu were noteworthy for repeated appeals for solidarity and support, and for promises of political and social progress.

2. Earlier reported rumors of coup plotting or the possible resignation of Premier Ky continued to abound, apparently heightened by the presence in Saigon of high-ranking officers for consultations in advance of national day and by Viet Cong rumor mongering. Premier Ky, in his regular meeting with the press on 30 October, seized the occasion to denounce the rumors as unfounded and to declare that no one except himself had the capability to mount a coup at this time.

3. However, allusions to the Ky government's failure to capture popular enthusiasm and to cope with economic problems continue from a variety of sources. Deputy Premier General Co, for example, apparently still smarting over being relieved from his post as chief of the joint general staff, made private references to Ky's arrogance and dilatoriness. Co also continued to address civilian and military groups on his views of what is needed to win back the support of the Vietnamese people for their government. The Saigon press, while voicing some praise for the accomplishments of the Thieu-Ky government, has also stepped up editorial comment on the need for greater civilian participation, and on the dangers of inflationary threats and consumer shortages. The militant student "struggle" newspaper in Hue has issued

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its most virulent attacks to date on Ky's alleged failures in the economic field, and on the deleterious moral and economic effects of the US troop buildup.

4. The Ky government, possibly reflecting traditional Vietnamese expectations of change in response to complaints, is either considering or is under pressure to replace additional cabinet members. At least ten cabinet ministers have been variously reported as marked for replacement or feeling insecure in their positions. Although Economy Minister Ton, for a time the leading potential scapegoat for the Government's problems, appears to have survived for the present, Ky told Ambassador Lodge on 29 October that he had dismissed Public Works Minister Anh but had not yet made his decision public.

5. The US Embassy continues to believe that Ky, while aware of the enormity of his task and the pressures on him, is developing a grasp of his office and remains self-assured in his role. Ky's position has been strengthened by the recent, more favorable military trends, although the key to government stability continues to be the degree of unity maintained by the ten generals on the ruling military Directorate.

6. Coinciding with National Day, a number of military promotions were announced. These involved the elevation of four general officers--Co, Cao Van Vien, Nguyen Chanh Thi, and Dang Van Quang--to the rank of major general, five officers to brigadier general, and three to aspirant brigadier general from the rank of colonel. Premier Ky, presumably in an effort to avoid any charges of personal ambition, reportedly declined a promotion to major general for himself.

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the Directorate also planned to promote a number of field-grade officers as well as approximately 1,000 middle- and junior-grade officers in the field in order to bolster morale and to prevent any outcry against senior officers for rewarding themselves.

7. In an additional development last week, Premier Ky held a discussion with three Saigon labor officials of the Vietnamese Confederation of Labor (CVT). Although inconclusive, the meeting marked Ky's first attempt to open a dialogue with CVT leaders over what they feel to be government hamstringing of their legitimate activities, particularly by Police Director Colonel Lieu. At least two more meetings reportedly are planned.

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Economic Situation

8. In a joint US/GVN meeting on 29 October, Economy Minister Ton cited as major factors contributing to inflationary pressure the large GVN budgetary deficit, the addition of US troops purchasing power, hoarding, and VC disruptive activities. The GVN proposed to meet this pressure by increasing tax revenues, mobilizing personal savings, improving distribution facilities, and implementing a variety of economic control and incentive measures. Minister Ton requested US assistance in these activities, and Ambassador Lodge assured the GVN of US cooperation in dealing with the problem of inflation.

9. With the notable exception of rice, retail prices generally rose during the past week. Included were increases in prices of such import commodities as cement, sugar, and fertilizers. Firewood prices now bring the total increase over the past twelve months to 229 percent.

10. Retail rice prices continued to decline slowly, apparently due to the marketing of a significant volume of hoarded old paddy. Prices normally rise during this season but the supply situation has been temporarily stabilized by sales from private stocks as well as imports and releases from government stocks. The embassy expects that the arrival of large shipments of Thai rice in December will prevent severe shortages.

11. The exchange rate, after declining last week to VN \$156/159 per US \$1 from the record high of VN \$175 on 15 October, climbed again to VN \$165/168 on 26 October. MPCs (script) have risen only slightly in the last two weeks, selling at VN \$124/127 on 25 October. In the Hong Kong market, the selling rate for piasters apparently reached an all-time high for that market of VN \$159 per US \$1 on 21 October.

12. In an effort to alleviate problems of cargo-handling and congestion at the port of Saigon, US and GVN officials have agreed to certain courses of action. Surveys will be undertaken to locate supplementary lighterage landing and storage facilities in waters near the port proper and on the Cholon River. MACV will also seek authority to install three buoy loca-

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tions for unloading ammunition, and to use river islands north of the port for staging and storing construction materials and for the establishment of an equipment maintenance center. Not only will these moves reduce congestion, but they will also release about 8,500 MTs of barge capacity. New priorities have been established for cargo discharge at the port of Saigon, namely: commodities necessary to meet market demand and prevent inflation; food-stuffs needed to prevent food shortages; and requirements to increase electrical generation capabilities "for health and morale." Goods considered critical at this time and certified as "USOM Essential" are rice, cement, wheat, clinker, sugar, coal, and milk.

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B. MILITARY SITUATION

1. The number of Viet Cong - initiated incidents declined slightly during the past week but their intensity increased for the second week. The number of attacks rose from 11 to 14 and included six of battalion or larger size. The main Viet Cong activity occurred in the northern part of South Vietnam with damaging mortar attacks on US installations, multibattalion attacks, and ambushes.

2. Terrorism again accounted for most of the Viet Cong activity--57 percent this week compared to the previous week's 55 percent. Of all incidents, 30 percent occurred in IV Corps Tactical Zone (CTZ), 24 percent in II CTZ, and 23 and 21 percent in III and I CTZs, respectively.

GVN/Allied Activities:

3. Results of operations initiated by government and US forces were unspectacular. However, although the number of battalion or larger size operations was about the same as the previous week's, resulting large-unit contacts increased from 43 to 65, possibly indicating better intelligence. The kill ratio favored the government 3.2 to 1, compared to the previous week's 5.3 to 1; the weapons-loss ratio barely favored the GVN, at 1.1 to 1, also representing a downward trend. South Vietnamese casualty figures were nearly twice those of last week--363 killed, 773 wounded, and 63 missing, against 143, 474, and 65. US totals were also correspondingly higher--23 killed, 114 wounded, and two missing, compared to 11, 70, and 13. The Viet Cong lost 1,264 killed and 133 captured, against 761 and 107 for the previous week. There were 229 military Chieu Hoi returnees, compared to the previous week's unusually low figure of 65.

4. Average naval employment remained about the same, but the number of junk and suspect searches and detentions by sea, river, and coastal forces increased significantly.

5. B-52 Stratofortress raids were flown against suspected Viet Cong installations in Binh Duong, Tay Ninh, Vinh Binh, and Kien Hoa provinces, bringing the total number of such strikes to 60 as of 3 November.

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Viet Cong - Initiated Activities:

6. In I CTZ, Viet Cong activity was highlighted by limited penetrations by demolition teams of air-fields at Marble Mountain (Da Nang East) and Chu Lai. The attacks on 28 October that resulted in considerable destruction and damage were a major propaganda victory for the Viet Cong, although the apparent main target, Da Nang Air Base, was not penetrated. Two prisoners taken in the Ba Long Valley of Quang Tri Province have stated that three battalions of an unidentified regiment infiltrated into South Vietnam in mid-July 1965 and that two of the battalions (6th and 8th) were operating in the Ba Long Valley while the third (7th) was in Thua Thien Province. This evidence of a buildup, together with a large-scale attack on 20 October and numerous harassments, suggests that the Viet Cong plan an attempt to retake the valley, which was a Viet Cong infiltration route, before its occupation by GVN forces in mid-August.

7. In II Corps area, prisoners taken during the siege of Plei Me (24-29 October) state that a PAVN regiment--designated the 32nd--conducted the ambush of the armored relief force. MACV has confirmed this unit with three battalions and a strength of 2,000. One captive state that the 32d Regiment, which reportedly had infiltrated into South Vietnam within the past two months, was in poor condition as a result of hunger and sickness.

8. Another recently infiltrated PAVN regiment --designated the 250th--has also been confirmed, by MACV, with a total strength of 1,000 in three battalions, and is situated in Quang Duc Province. One of the units believed committed at Plei Me is tentatively identified as the PAVN 324th or 520th Regiment, with a strength of 2,000. Although there is some confusion with respect to unit designations which may be cover names, current information indicates that these new units are North Vietnamese.

9. A major repositioning of Communist units has occurred in II Corps area. The PAVN 18th and 95th Regiments, which had operated in the highlands, moved to the rice-producing coastal area in August and late October, respectively. The present strength

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of the 18th is estimated at 1,500, on the basis of interrogation reports and probable losses. Elements of the PAVN 95th Regiment reportedly were included in a Viet Cong force in Phu Yen Province that recently was engaged by GVN units and suffered heavy losses when caught in the open by tactical aircraft. The third regiment (101st) of the North Vietnamese 325th Division reportedly is moving south into III CTZ.

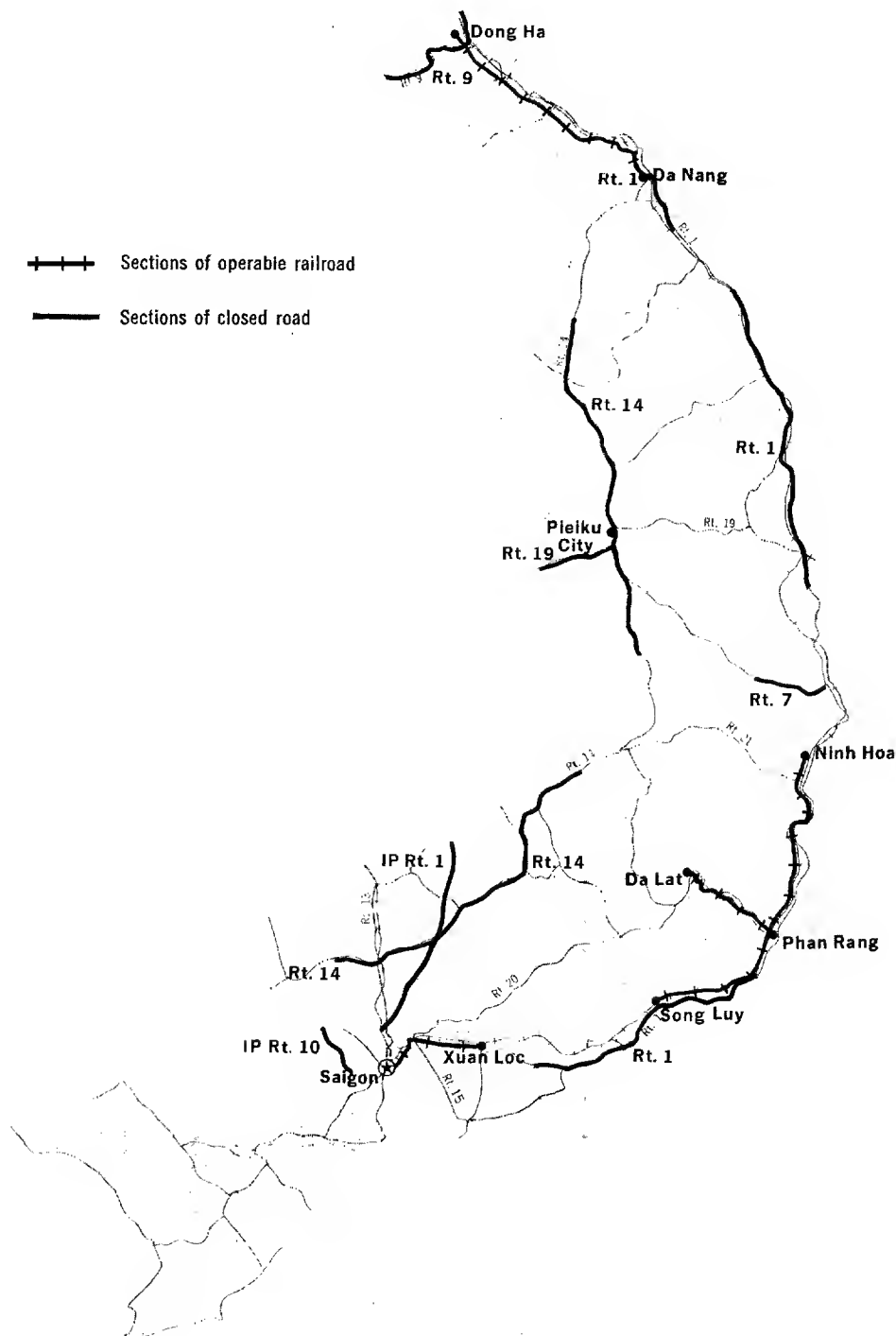
10. The enemy force buildup has been observed only in I and II CTZs. In III and IV CTZs, the Viet Cong appear to be depending upon normal replacement procedures. The evidence indicates an effort to offset both the US buildup and recent Communist losses. Current PAVN and VC main- and local-force unit strengths in South Vietnam are:

	<u>NEW TOTALS</u>	<u>OLD TOTALS</u>
Regiments	14	12
Battalions	89	83
Companies	189	189
Platoons	101	101
Personnel	61,500	59,000

11. In III Corps area, both the scale of Viet Cong activity and the number of incidents increased. The major action occurred at Duc Lap in Hau Nghia Province on 27 October when a Viet Cong force estimated at two reinforced battalions attacked a position defended by elements of the 51st Ranger Battalion. GVN artillery positions in Bao Trai, the provincial capital three kilometers away, were hit simultaneously with mortar fire. The Viet Cong lost 119 killed while GVN losses were 44 killed and 40 wounded.

12. In IV CTZ, the incident rate increased but the pattern of Viet Cong activity remained that of small-scale attacks, night-time harassments, minings, sabotage, and terrorism. Outlying villages and outposts were the prime targets. The high incidence of kidnappings of males of military age reveals a continued

CURRENT STATUS OF MAJOR TRANSPORTATION ROUTES AND THE COASTAL RAILROAD



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disregard for civilian attitudes and also is indicative of popular resistance to Viet Cong efforts at voluntary recruitment. On 27 October, a GVN search-and-destroy operation in the Plain of Reeds in Kien Tuong Province uncovered a Viet Cong munitions factory. A Viet Cong captured during the operation stated that the installation supplied the Viet Cong 8th Military Region. The amount of materiel captured indicates that this was a major installation and represents a serious loss to the Communists.

13. National Route 1 is closed in Quang Nam, Quang Ngai, Binh Dinh, Binh Thuan, and Binh Tuy provinces. In Quang Tri Province, Route 9 is closed. Route 14 is closed in Kontum, Pleiku, Quang Duc, Phuoc Long, and Binh Long provinces. West of Pleiku city, Pleiku Province, Route 19 is closed. Route 7 is closed in Phu Yen Province. Closed interprovincial routes include Number 1 in Binh Long and Phuoc Long provinces, and Number 10 in Hau Nghia Province. The national railroad is operating between Saigon and Xuan Loc, Long Khanh Province; between Song Luy, Binh Thuan Province, and Ninh Hoa, Khanh Hoa Province; between Dalat, Tuyen Duc Province, and Phan Rang, Ninh Thuan Province; and between Da Nang, Quang Nam Province, and Dong Ha, Quang Tri Province.

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~~SECRET~~C. RURAL CONSTRUCTION

1. The number of refugees continues to rise in South Vietnam: as of 17 October there were 710,452, an increase of 13,297 over the previous week. The number of resettled refugees remained static at 258,000, however, subjecting the already overburdened refugee relief facilities to even more strain.

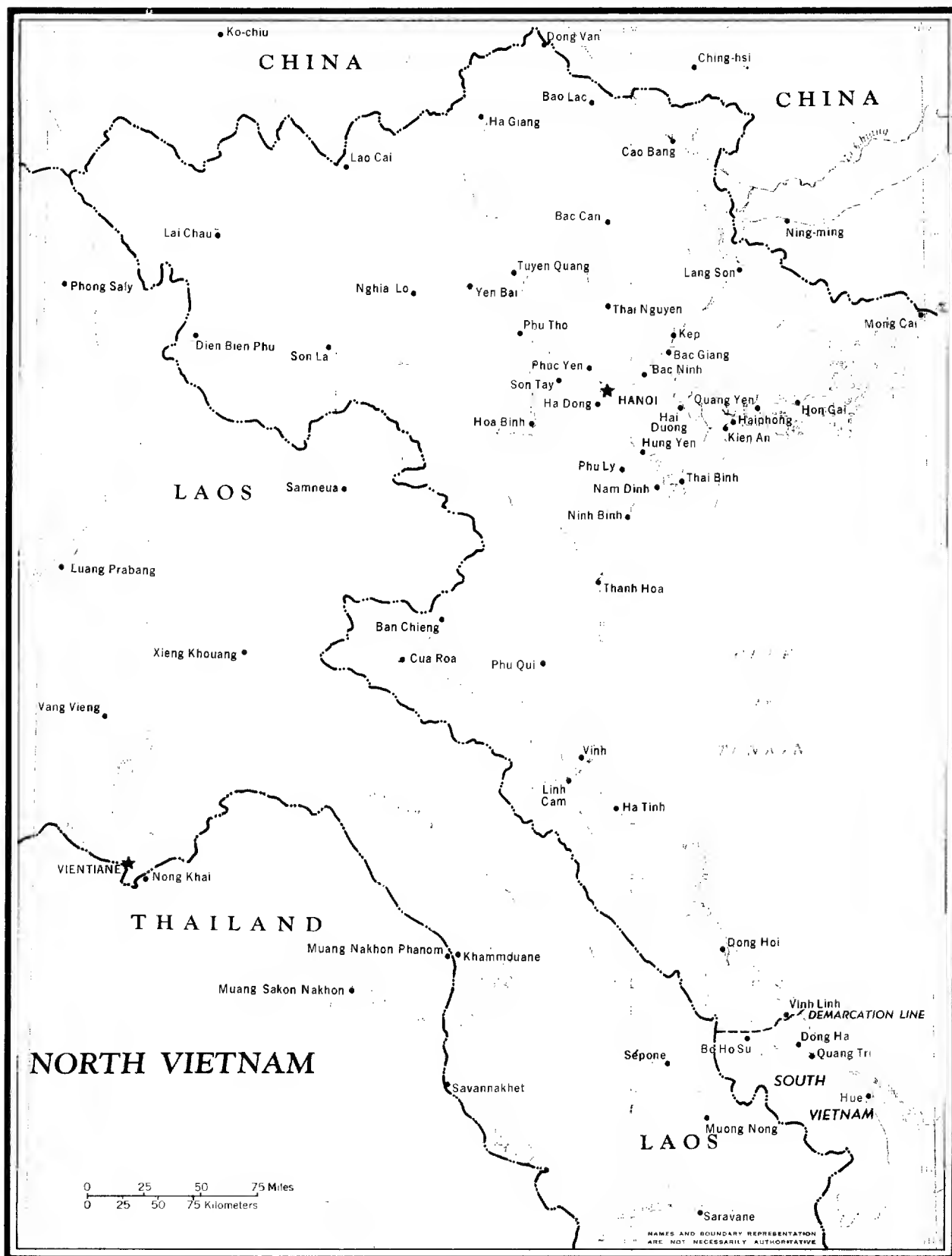
2. A joint US team of representatives from voluntary agencies and AID is currently in South Vietnam in connection with the refugee problem. One major recommendation already voiced by this group calls for an increase in the number of personnel working in the field on programs of assistance to the refugees. These new personnel would be assigned at the "camp level," teaching new skills to the refugees to hasten their reintegration into the general population.

3. According to a recent USOM report, 42 local officials (province, district, village, and hamlet) were killed by the Viet Cong during September and 33 more were kidnaped. In August, 29 had been killed and 29 kidnaped.

4. According to GVN figures, Chieu Hoi returnees for the past week numbered 290, as against 179 for the previous week. The largest increase was recorded in the military category, with 229 returning to GVN control compared with the previous week's 65. Political cadres who returned to government control numbered 41, against only six in this category the week before, but civilian returnees dropped to only 20 this week, compared with last week's 108. No draft dodger/deserter returnees have been listed for the past two weeks.

5. A site has been selected and approved for a I Corps regional Chieu Hoi center at Da Nang. Construction is expected to begin in the near future, but it is anticipated that the funds allocated for this project will be inadequate in view of the rapidly rising costs for labor and construction materials.

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II. DEVELOPMENTS IN THE BLOC

1. The North Vietnamese in their propaganda this week took pains to refute the "propaganda stunt" allegedly spread by Washington over the "failure" of the Viet Cong's monsoon campaign and the "cowering" of the North Vietnamese people by air strikes. A party daily editorial on 1 November offered a capsulization of Hanoi's current defensive attitude on the military status of the Viet Cong and its own position with regard to the continuing US air strikes. The editorial asserted that the US actions in both North and South Vietnam have hurt the Vietnamese Communists "not in the least." On the contrary, the editorial asserted, the last days of October were marked by repeated victories in both zones of the country. The victorious attack on the special forces camp at Plei Me by the Viet Cong and the shooting down of the 700th US plane over North Vietnam during that week, the editorial concluded, belied the "US aggressors tall talk" about regaining the initiative after the rainy season.

2. This defensive attitude may in part have been prompted by a tendency recently noted in sections of the East European press to play down the invincibility of the Viet Cong and the staying power of the North Vietnamese. An example of the former point occurred in an article in an authoritative Sofia daily on 25 October. Noting that with the passing of the monsoon season, the Viet Cong have lost a tactical advantage, the military commentator went on to portray the achievements of the VC in which he contrasted the small-unit operations of the guerrillas with the energetic defensive operations of the Americans.

3. A Hungarian correspondent offered a sober assessment of the Communist military situation in a series of eye witness reports published in Budapest throughout October. In the 22 October installment he argued routinely that there can be no doubt of the "final" victory of the Vietnamese insurgents, but he warned that the duration of the conflict and its attrition on both sides will have an important effect in ending the fighting. He may have meant this as an oblique warning to Hanoi that the length and cost of the war would affect North Vietnam as much or more than it would affect the US.

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4. The Chinese Communists have had little to say in the way of original commentary on the Vietnam war for some time. Peking does, however, continue to reiterate its standard propaganda line on Vietnam and to encourage the Vietnamese to press on for a "final victory" over the US. This encouragement was implicit in recent speeches delivered by Chinese leaders on the occasion of the anniversary of Peking's troop entry into the Korean war. Without mentioning Vietnam as a parallel case, several of the speakers restated the Chinese propaganda thesis that the Communists "victory" in Korea "showed" it was impossible for the US to defeat a "revolutionary people who fear no sacrifice" and that it was entirely possible to defeat the US despite its strength and weapons.

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III. THIRD COUNTRY DEVELOPMENTS

A. SOUTH KOREA

South Vietnamese Premier Nguyen Cao Ky is scheduled to arrive in Seoul 8 November for a four-day goodwill visit. Ky will convey to the Korean Government his nation's gratitude for the assistance Korea has been sending the Republic of South Vietnam. He and high-ranking Korean officials are also expected to discuss strengthening of anti-Communist ties in Asia and facilitating trading arrangements among themselves and the United States.

B. JAPAN

Bui Diem, Special Assistant to Prime Minister Ky, told our embassy in Saigon on 3 November that Ky had just received an invitation from Japanese Prime Minister Sato to visit Tokyo after his Seoul trip and that Ky now plans to stop off in Japan from 12-14 November. A Japanese foreign official had previously told our embassy in Tokyo that the Japanese had suggested to the GVN that a visit be postponed until 1966.

C. AFRO-ASIAN CONFERENCE

A GVN Foreign Office official told the US Embassy in Saigon that the GVN had sent telegrams asserting its right to participate in the Afro-Asian conference to Rabat, Tunis, Dakar, Abidjan, Bangkok, Manila, and Kuala Lumpur. The Foreign Ministers' preparatory meeting in Algiers announced on 2 November that the conference would be postponed indefinitely.

D. REPUBLIC OF CHINA

The GRC is donating four 25-ton LCMs to Vietnam, and has offered to train LCM crews in Taiwan with the United States providing transportation of the landing craft. The Chinese Air Force has indicated its inability to provide crews for a C-47 transport squadron in Vietnam. Embassy Taipei believes, however, that the GRC might be willing, if requested by the GVN, to make available a limited number of aircraft crews not in uniform to fly GVN C-47s.

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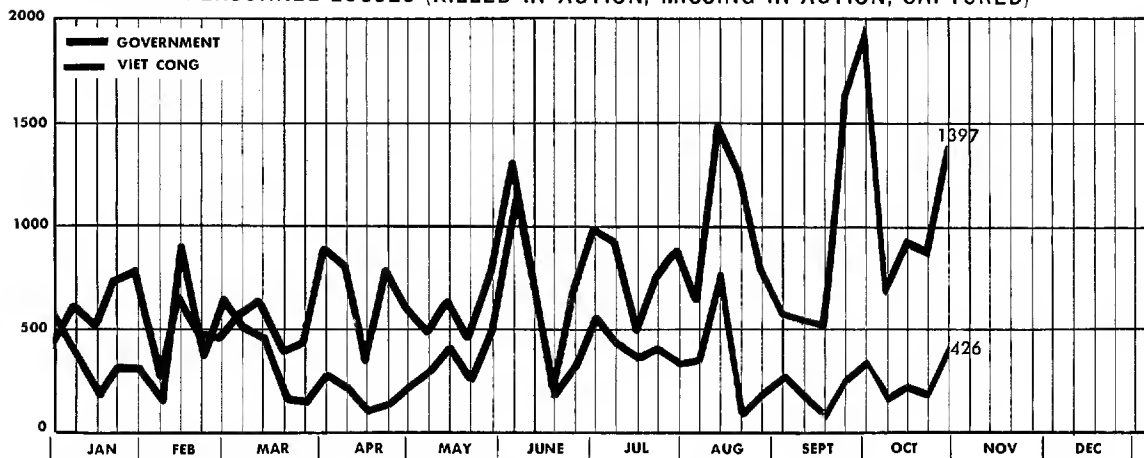
SOUTH VIETNAM BATTLE STATISTICS, 1965

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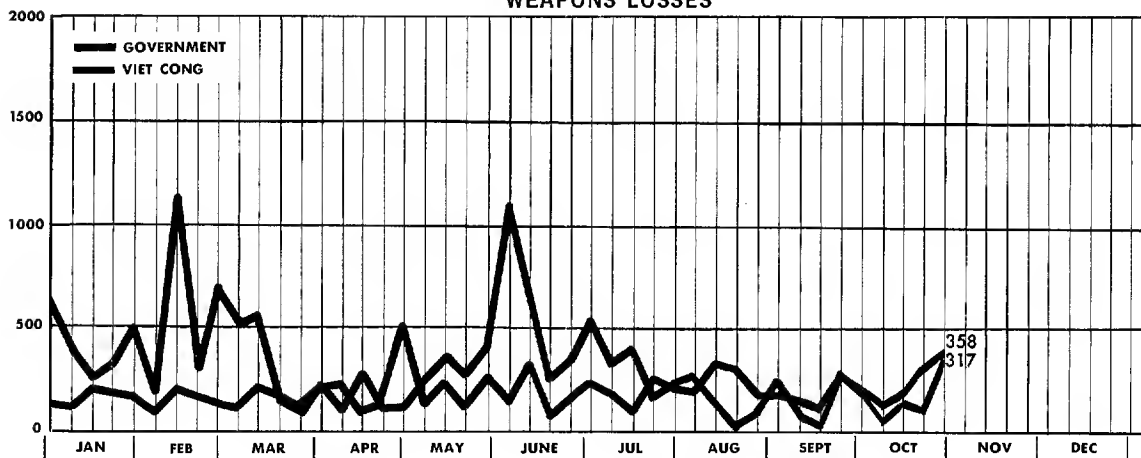
WEEKLY REPORT

23 Oct - 30 Oct

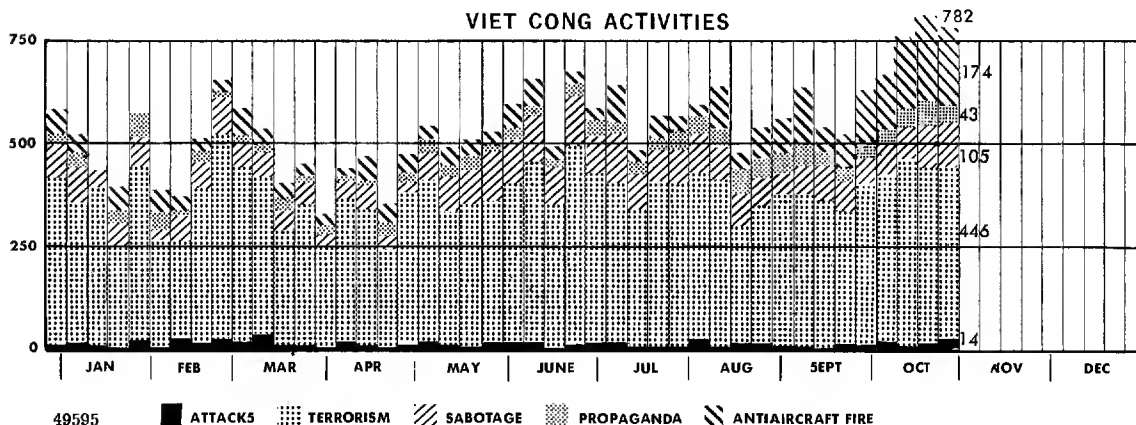
PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)



WEAPONS LOSSES



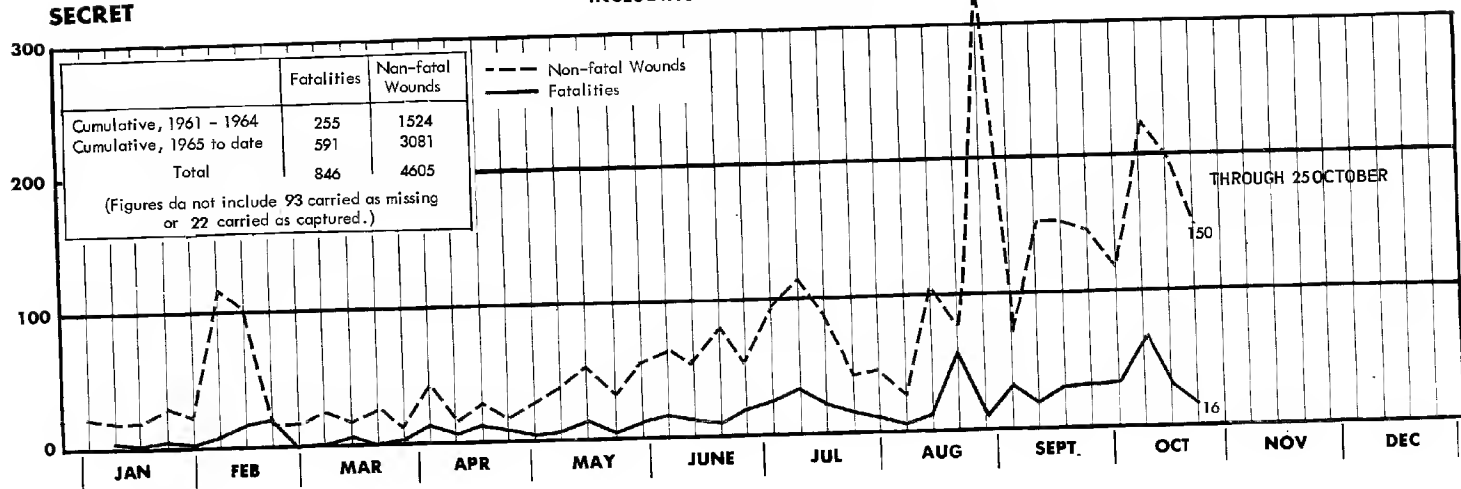
VIET CONG ACTIVITIES



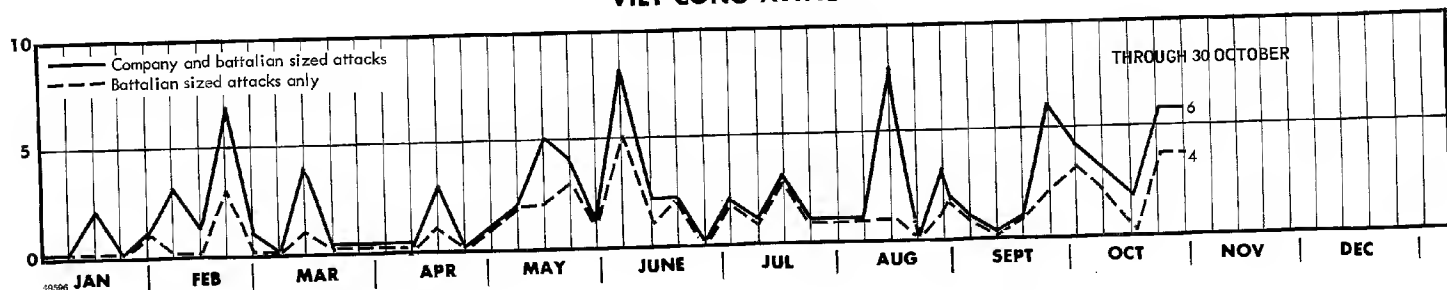
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US COMBAT CASUALTIES IN VIETNAM INCLUDING NORTH VIETNAM

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VIET CONG ATTACKS



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